

ASSEMBLY BILL NO. 588—COMMITTEE ON TAXATION

(ON BEHALF OF DEPARTMENT OF ADMINISTRATION)

MARCH 26, 2007

Referred to Committee on Taxation

SUMMARY—Reduces the amount of state taxes imposed on banks and other businesses. (BDR 32-1416)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to taxation; reducing the amount of the state business tax on employers; repealing the state tax on banks; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law imposes a state business tax on employers at the rate of 0.65
- 2 percent of the wages paid each calendar quarter. (NRS 363B.110) **Section 1** of this
- 3 bill reduces that rate to 0.62 percent.
- 4 Existing law imposes a state tax on banks which is based upon the number of
- 5 branch offices maintained in each county in this State. (NRS 363A.120) **Section 2**
- 6 of this bill repeals that tax.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** NRS 363B.110 is hereby amended to read as
- 2 follows:
- 3 363B.110 1. There is hereby imposed an excise tax on each
- 4 employer at the rate of ~~0.65~~ **0.62** percent of the wages, as defined
- 5 in NRS 612.190, paid by the employer during a calendar quarter
- 6 with respect to employment in connection with the business
- 7 activities of the employer.
- 8 2. The tax imposed by this section:



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1 (a) Does not apply to any person or other entity or any wages
2 this State is prohibited from taxing under the Constitution, laws or
3 treaties of the United States or the Nevada Constitution.

4 (b) Must not be deducted, in whole or in part, from any wages of
5 persons in the employment of the employer.

6 3. Each employer shall, on or before the last day of the month
7 immediately following each calendar quarter for which the
8 employer is required to pay a contribution pursuant to
9 NRS 612.535:

10 (a) File with the Department a return on a form prescribed by
11 the Department; and

12 (b) Remit to the Department any tax due pursuant to this chapter
13 for that calendar quarter.

14 **Sec. 2.** NRS 363A.120 is hereby repealed.

15 **Sec. 3.** The provisions of this act do not apply to any taxes due
16 for any period ending on or before June 30, 2007.

17 **Sec. 4.** This act becomes effective on July 1, 2007.

TEXT OF REPEALED SECTION

363A.120 Excise tax on banks: Imposition, amount and payment; filing of return.

1. There is hereby imposed an excise tax on each bank at the rate of \$1,750 for each branch office maintained by the bank in this State in excess of one branch office maintained by the bank in each county in this State on the first day of each calendar quarter.

2. Each bank that maintains more than one branch office in any county in this State on the first day of a calendar quarter shall, on or before the last day of the first month of that calendar quarter:

(a) File with the Department a return on a form prescribed by the Department; and

(b) Remit to the Department any tax due pursuant to this section for the branch offices maintained by the bank in this State on the first day of that calendar quarter.

3. For the purposes of this section:

(a) "Bank" means:

(1) A corporation or limited-liability company that is chartered by this State, another state or the United States which conducts banking or banking and trust business; or

(2) A foreign bank licensed pursuant to chapter 666A of NRS.



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↳ The term does not include a financial institution engaging in business pursuant to chapter 677 of NRS, a credit union organized under the provisions of chapter 678 of NRS or the Federal Credit Union Act, or any person or other entity this State is prohibited from taxing under the Constitution, laws or treaties of the United States or the Nevada Constitution.

(b) "Branch office" means any location or facility of a bank where deposit accounts are opened, deposits are accepted, checks are paid and loans are granted, including, but not limited to, a brick and mortar location, a detached or attached drive-in facility, a seasonal office, an office on a military base or government installation, a station or unit for paying and receiving, and a location where a customer can open accounts, make deposits and borrow money by telephone or through use of the Internet, and excluding any automated teller machines, consumer credit offices, contractual offices, customer bank communication terminals, electronic fund transfer units and loan production offices.

